



Federal Regulatory Affairs

2300 N St. NW, Suite 710 Washington DC 20037

www.Frontier.com

June 20, 2013

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *High Cost Universal Service Support*,
WC Docket No. 05-337;

Dear Ms. Dortch:

On June 18, 2013, Billy Jack Gregg, Ken Mason, Randy Brockmann, Kevin Clinefelter (all by phone) and the undersigned representing Frontier Communications ("Frontier") met with Carol Matthey, Deena Shetler, Kim Scardino, Kalpak Gude, Pam Arluk, Amy Bender, Randy Clarke, Alex Minard, Dick Kwiatkowski, Victoria Goldberg, Doug Slotten, and Jamie Susskind of the Wireline Competition Bureau. The purpose of the meeting was to discuss the unique local rate plans in West Virginia, detailed in Frontier's pending petition for relief from the Commission's local rate floor rules, and their effect on frozen legacy high cost loop CAF support.¹ Frontier used the attached diagrams to explain how the West Virginia rate plans operate.

Under West Virginia's rates, which were rebalanced years ago, approximately 70% of Frontier's residential customers pay \$29 a month for flat-rate local service, where all local calls are included in the monthly fee. In addition, there is a very small base of customers, approximately 13%, that subscribe to a plan which is a 100% "measured service" and they pay \$7 per month. This particular plan is for customers who make very few calls and is designed to support ongoing subscribership to basic lifeline phone service. On average, however, Frontier's residential customers in West Virginia pay approximately \$25 for local service, which is well above the FCC established rate floor of \$14 per month. Trying to apply the rules of the *Third Order on Reconsideration*,² which was written to address a different measured service system, to the Plan 1 measured service does not produce an equitable result.

¹ Frontier Communications, Petition for Waiver of Sections 54.313(a)(10) and 54.318(i) of the Commission's Rules, or Petition for Rulemaking to Modify Section 54.318(i) of the Commission's Rules, WC Dkt. Nos. 10-90, 05-337 (filed Dec. 7, 2012).

² See *Connect America Fund*, Third Order on Reconsideration, 27 FCC Rcd 5662 (2012) ("*Third Order on Reconsideration*").

Despite the average rate of \$25 that West Virginia consumers pay for local telephone service, it is possible that Frontier could lose up to \$1.6 million in annual high cost Universal Service support beginning in January 2014 because of the small number of customers that subscribe to the \$7 measured service plan. Absent a grant of Frontier's petition, the company will either have to raise rates on certain customers, despite the fact that the average rate is well above the \$14 floor, or face the prospect of losing approximately \$1.6 million in high-cost support. Other West Virginia local carriers will also lose high-cost support of varying amounts.

Frontier emphasizes the need for prompt Commission action on the pending petitions given the July 1, 2013, deadline to certify that rates as of June 1, 2013, comply with the Commission's rate floor rules. The pending petitions have received unanimous support through the public comment process.

Frontier also explained its Access Recovery Charge calculations for West Virginia. Pursuant to section 51.915(b)(11) of the Commission's rules, which direct carriers to use "the flat rate for residential service" in computing the "rate ceiling" calculation to determine whether an area is eligible for an Access Recovery Charge,³ Frontier uses the only flat-rate plan for the local calling area, which is Plan 4. All other West Virginia plans include local measure rates for calls to part or all of the local calling area. Frontier also explained that the rates associated with West Virginia local plans do not include either the federal subscriber line charge or other state fees.

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. §1.1206(b), this letter is being filed electronically with your office today.

Please feel free to contact me with any further questions.

Sincerely,

A handwritten signature in blue ink, reading "Michael Saperstein, Jr." with a stylized flourish at the end.

Michael D. Saperstein, Jr.
Vice President of Federal Regulatory Affairs
Frontier Communications
(202) 223-6807

cc: Carol Matthey
Deena Shetler
Kim Scardino
Kalpak Gude
Pam Arluk
Amy Bender

³ 47 C.F.R. § 51.915(b)(11).

Randy Clarke
Alex Minard
Dick Kwiatkowski
Victoria Goldberg
Doug Slotten
Jamie Susskind